



Big Bats Gas Station

Akiachek Enterprises, Inc.

Dynamic Homes, Inc.

Hotel Santa Fe

Marina

The Office of Indian Energy and Economic Development

The Office of Indian Energy and Economic Development (IEED) was created by the Secretary of the U.S. Department of the Interior to address the overarching issue of economic development in Indian Country so that tribes would have a solid economic foundation to achieve self governance. The mission of IEED is to enhance the quality of life and promote economic opportunity for American Indians, Indian tribes, and Alaska Natives in balance with meeting the responsibility to protect and improve the trust resources of these peoples. IEED transmits the Administration's message that vigorous economic development and creation of new jobs are the best antidotes to combat the economic and social malaise in Indian Country through consultation and outreach to Native American leaders, Indian Affairs policy-makers and decision-makers, and the Indian people. ●



Indian Energy and Economic Development
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Washington, DC, zip
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Capital Investment

Helping Guarantee the Economic Future of Indian Country

The Division of Capital Investment manages the Indian Loan Guaranty, Insurance and Interest Subsidy Program which breaks through the conventional barriers to financing for tribes and individual Indians.



2008

DEPARTMENT
OF THE
INTERIOR



Twelve BIA regional offices located across the United States, in coordination with the Division of Capital Investment in Washington, D.C., operate the Indian Loan Guaranty, Insurance and Interest Subsidy Program.



Program Eligibility and Lending Requirements

- Any lending institution (including Community Development Financial Institutions) may obtain a guaranty provided that the institution is regularly engaged in making business loans, and has a capacity for evaluating and servicing loans which is satisfactory to the Program.
- Borrower must be a federally recognized American Indian tribe or Alaska Native group, an individually enrolled member of such tribe or group, or a business organization with no less than 51% ownership by American Indians or Alaska Natives.
- Borrower cannot be delinquent on any federal debt obligation.
- Borrower's business must be located on or near a federally recognized Indian reservation, or recognized service area, and must contribute to the economy of the reservation or service area.
- Borrower must be projected to have at least 20% equity in the business being financed immediately after the loan is funded.
- Loans may be used for a variety of purposes including operating capital, equipment purchases, business refinance, building construction, and lines of credit.
- The percentage of a loan that is guaranteed or insured is the minimum necessary to obtain financing, but may not exceed 90% of the unpaid principal balance and interest.
- The maximum loan that can be guaranteed for individuals

is \$500,000; however, the Program can guarantee loans of greater amounts for tribes, tribal enterprises, or business entities, subject to program and policy limitations.

- The maturity of a loan is determined by the lending institution, based upon the use of the loan proceeds and the repayment capacity of the borrower; however, the loan term cannot exceed 30 years.
- Interest rates are determined by the lending institution but are subject to reasonable limitations established by policy.
- The lending institution must pay a one-time premium payment of 2% of the guaranteed portion of a loan; however, the lending institution may charge the premium to the borrower as a one-time fee, or add the premium to the loan amount.

Application Process

Tribes or individuals must apply for a loan through any lender that regularly engages in making loans. A lending institution should only apply for a loan guaranty when it would not otherwise approve a borrower's loan application. To apply for a loan guaranty, the approved lending institution must submit a request on Government Form 5-4755 to the Program regional office where the business is to be located, along with the following documentation:

- A written explanation regarding why the lending institution requires a loan guaranty, and the minimum acceptable loan guaranty percentage.
- A copy of the borrower's complete loan application.

- A description of the borrower's 20% equity in the business being financed.
- A copy of the lending institution's independent credit analysis of the borrower's business, repayment ability, and loan collateral (including insurance).
- An original credit report from a nationally recognized bureau dated within 90 days of the application package submittal date.
- A copy of the lending institution's loan commitment letter to the borrower which states the loan amount, purpose of the loan, interest rate, schedule of payments, security, and the terms and conditions of the loan.
- A copy of the good faith estimate and any loan-related fees and costs the lending institution will charge the borrower.
- A discussion of any portion of the loan proceeds to be used for refinance, construction, renovation, or demolition work (if applicable). Include a discussion of the insurance and bonding requirements, draw requirements, and work inspection procedures.

Division of Capital Investment

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